

Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

| | | | | | | |
|--------------|--------------------|-----------------|---------------|-------------|----------------|----------|
| Unit Name | Township of Roxand | County | Eaton | Type | Township | Municode |
| Opinion Date | June 5, 2008 | Audit Submitted | July 17, 2008 | Fiscal Year | March 31, 2008 | |

If a local unit of government (authorities & commissions included) is operating within the boundaries of the audited entity and is NOT included in this or any other audit report, nor do they obtain a stand-alone audit, enclose the name(s), address(es), and a description(s) of the authority and/or commission.

Place a check next to each "Yes" or non-applicable question below. Questions left unmarked should be those you wish to answer "No".

| | | |
|-------------------------------------|-----|--|
| <input checked="" type="checkbox"/> | 1. | Are all required component units/funds/agencies of the local unit included in the financial statements and/or disclosed in the reporting entity notes to the financial statements? |
| <input checked="" type="checkbox"/> | 2. | Does the local unit have a positive fund balance in all of its unreserved fund balances/unrestricted net assets? |
| <input type="checkbox"/> | 3. | Were the local unit's actual expenditures within the amounts authorized in the budget? |
| <input checked="" type="checkbox"/> | 4. | Is this unit in compliance with the Uniform Chart of Accounts issued by the Department of Treasury? |
| <input checked="" type="checkbox"/> | 5. | Did the local unit adopt a budget for all required funds? |
| <input checked="" type="checkbox"/> | 6. | Was a public hearing on the budget held in accordance with State statute? |
| <input checked="" type="checkbox"/> | 7. | Is the local unit in compliance with the Revised Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, and other guidance as issued by the Local Audit and Finance Division? |
| <input checked="" type="checkbox"/> | 8. | Has the local unit distributed tax revenues, that were collected for another taxing unit, timely as required by the general property tax act? |
| <input checked="" type="checkbox"/> | 9. | Do all deposits/investments comply with statutory requirements including the adoption of an investment policy? |
| <input checked="" type="checkbox"/> | 10. | Is the local unit free of illegal or unauthorized expenditures that came to your attention as defined in the Bulletin for Audits of Local Units of Government in Michigan, as revised (see Appendix H of Bulletin.) |
| <input checked="" type="checkbox"/> | 11. | Is the unit free of any indications of fraud or illegal acts that came to your attention during the course of audit that have not been previously communicated to the Local Audit and Finance Division? (If there is such activity, please submit a separate report under separate cover.) |
| <input type="checkbox"/> | 12. | Is the local unit free of repeated reported deficiencies from previous years? |
| <input checked="" type="checkbox"/> | 13. | Is the audit opinion unqualified? |
| | 14. | If not, what type of opinion is it? <input type="text" value="NA"/> |
| <input checked="" type="checkbox"/> | 15. | Has the local unit complied with GASB 34 and other generally accepted accounting principles (GAAP)? |
| <input checked="" type="checkbox"/> | 16. | Has the board or council approved all disbursements prior to payment as required by charter or statute? |
| <input checked="" type="checkbox"/> | 17. | To your knowledge, were the bank reconciliations that were reviewed performed timely? |
| <input checked="" type="checkbox"/> | 18. | Are there reported deficiencies? |
| <input checked="" type="checkbox"/> | 19. | If so, was it attached to the audit report? |

| | |
|---------------------------|------------|
| General Fund Revenue | \$ 334,287 |
| General Fund Expenditure | 349,554 |
| Major Fund Deficit Amount | |

| | |
|---|------------|
| General Fund Balance | \$ 599,136 |
| Governmental Activities Long-Term Debt (see instructions) | -0- |

We affirm that we are certified public accountants (CPA) licensed to practice in Michigan. We further affirm the above responses have been disclosed in the financial statements, including the notes, or in the Management Letter (Reported deviations).

| | | | | | | |
|--------------------|---------------------|-----------------------|----------------|-------------------------------------|--------|----------------|
| CPA (First Name) | Karl L. | Last Name | Drake | Ten Digit License Number 1101016526 | | |
| CPA Street Address | 3775 Kimmel Rd | City | Horton | State | MI | Zip Code 49246 |
| CPA Firm Name | Karl L. Drake, P.C. | Unit's Street Address | 3775 Kimmel Rd | City | Horton | Zip Code 49246 |

**TOWNSHIP
OF
ROXAND**

FINANCIAL STATEMENTS

MARCH 31, 2008

**KARL L. DRAKE
CERTIFIED PUBLIC ACCOUNTANT**

TOWNSHIP OF ROXAND

TABLE OF CONTENTS

| | <u>PAGE</u> |
|---|-------------|
| INDEPENDENT AUDITOR'S REPORT | 1-2 |
| MANAGEMENT'S DISCUSSION AND ANALYSIS..... | 3-8 |
| BASIC FINANCIAL STATEMENTS | |
| Government-wide Financial Statements | |
| Statement of Net Assets..... | 9 |
| Statement of Activities..... | 10 |
| Fund Financial Statements | |
| Balance Sheet - Governmental Funds..... | 11 |
| Statement of Revenue, Expenditures and Changes in Fund Balance - Governmental Funds..... | 12 |
| Reconciliation of the Statement of Revenue, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities..... | 13 |
| Fiduciary Fund | |
| Statement of Fiduciary Net Assets..... | 14 |
| Notes to Financial Statements..... | 15-21 |
| REQUIRED SUPPLEMENTAL INFORMATION | |
| Budgetary Comparison Schedule - General Fund..... | 23 |
| OTHER SUPPLEMENTAL INFORMATION | |
| General Fund | |
| Comparative Balance Sheet..... | 26 |
| Comparative Statement of Revenue, Expenditures and Changes in Fund Balance..... | 27 |
| Combining Balance Sheet..... | 28 |
| Combining Statement of Revenue, Expenditures and Changes in Fund Balances..... | 29 |
| Special Revenue Fund | |
| Cemetery Trust Fund - Comparative Balance Sheet..... | 30 |
| Cemetery Trust Fund - Comparative Statement of Revenue, Transfers and Changes in Fund Balance..... | 31 |
| Agency Funds | |
| Current Tax Collection Fund - Statement of Changes in Assets and Liabilities..... | 33 |
| Current Tax Collection Fund - Statement of Receipts and Disbursements..... | 33 |
| REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> | 34-35 |

3775 Kimmel Road
Horton, Michigan 49246

(517) 937-9333 Phone / 563-2552 Fax
Email: kdrakecpa@gmail.com

INDEPENDENT AUDITOR'S REPORT

Township Board
Township of Roxand
Eaton County, Michigan

We have audited the accompanying financial statements of the governmental activities and each major fund of the Township of Roxand, as of and for the year ended March 31, 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township of Roxand's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with United States generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Township of Roxand as of March 31, 2008, and the respective changes in financial position, thereof for the year then ended in conformity with United States generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2008, on our consideration of the Township of Roxand's internal control over financial reporting and our tests of its compliance with certain provision of laws, regulations, contracts and grants.

Township Board
Township of Roxand

The administration's discussion and analysis and budgetary comparison information on pages 3 through 8 and page 23 are not a required part of the basic financial statements but is supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Roxand's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.



Karl L. Drake, P.C.
Certified Public Accountant

June 5, 2008

This section of the Township of Roxand's annual financial report presents our discussion and analysis of the Township's financial performance during the fiscal year ended March 31, 2008. It is best read in conjunction with the Township's financial statements that follow this section.

Using This Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the Township of Roxand financially as a whole. The *Government-wide Financial Statements* provide information about the activities of the entire Township, presenting both an aggregate view of the Township's finances and a longer-term view of those finances. The fund financial statements provide the next level of detail. For governmental activities, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements look at the Township's operations in more detail than the government-wide financial statements by providing information about the Township's most significant fund - the General Fund - with all other funds presented in one column as non-major funds. The remaining statement, the statement of fiduciary net assets, presents financial information about activities for which the Township acts solely as an agent for the benefit of others.

Management's Discussion and Analysis (MD&A)
(Required Supplemental Information)

Basic Financial Statements

Government-wide Financial Statements

Fund Financial Statements

Notes to the Basic Financial Statements

Budgetary Information for the General Fund
(Required Supplemental Information)

Other Supplemental Information

Reporting The Township As A Whole - Government-Wide Financial Statements

One of the most important questions asked about the Township is, "As a whole, what is the Township's financial condition as a result of the year's activities?" The statement of net assets and the statement of activities, which appear first in the Township's financial statements, report information on the Township as a whole and its activities in a way that helps you answer this question. These statements are prepared to include all assets and liabilities, using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the Township's net assets - the difference between assets and liabilities, as reported in the statement of net assets - as one way to measure the Township's financial health or financial position. Over time, increases or decreases in the Township's net assets - as reported in the statement of activities - are indicators of whether its financial health is improving or deteriorating. The relationship between revenues and expenses is the Township's operating results. However, the Township's goal is to provide services to residents, not to generate profits as commercial entities do. One must consider many other non-financial factors to assess the overall health of the Township.

The statement of net assets and statement of activities report the governmental activities for the Township, which encompass all of the Township's services, including general government, public safety, public works, and community enrichment. Property taxes and State Revenue Sharing finance most of these activities.

Reporting The Township's Most Significant Funds - Fund Financial Statements

The Township's fund financial statements provide detailed information about the most significant funds - not the Township as a whole. Some funds are required to be established by State law and by bond covenants. However, the Township establishes funds as needed to help it control and manage money for particular purposes or to show that it's meeting legal responsibilities for using certain taxes, grants, and other money. The governmental funds of the Township use the following accounting approach:

Governmental funds - All of the Township's services are reported in governmental funds. Governmental fund reporting focuses on showing money inflows and outflow and the balances remaining at year-end that is available for spending. They are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the operations of the Township and the services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs. We describe the relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds in a reconciliation.

Reporting The Township's Fiduciary Responsibilities -The Township As Trustee

The Township is the trustee, or fiduciary, for its tax collection and agency funds. All of the Township's fiduciary activities are reported in separate statements of fiduciary net assets. We exclude these activities from the Township's other financial statements because the Township cannot use these assets to finance its operations. The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes.

The Township As A Whole

Recall that the statement of net assets provides the perspective of the Township as a whole. Table I provides a summary of the Township's net assets as of March 31, 2008 and 2007:

| TABLE I | Governmental Activities | |
|--|----------------------------|-----------------|
| | (In Thousands) | |
| | 2008 | 2007 |
| ASSETS | | |
| Current and other assets | \$ 600.2 | \$ 615.4 |
| Capital assets - Net of accumulated depreciation | 418.9 | 363.9 |
| TOTAL ASSETS | 1,019.1 | 979.3 |
| LIABILITIES | | |
| Current liabilities | 0.0 | 0.0 |
| Long-term liabilities | 0.0 | 0.0 |
| TOTAL LIABILITIES | 0.0 | 0.0 |
| NET ASSETS | | |
| Invested in property and equipment - Net of related debt | 418.9 | 363.9 |
| Restricted | 0.0 | 0.0 |
| Unrestricted | 600.2 | 615.4 |
| TOTAL NET ASSETS | \$ 1,019.1 | \$ 979.3 |

The above analysis focuses on the net assets (see Table I). The change in net assets (see Table 2) of the Township's governmental activities is discussed below. Township's net assets were \$1,019.1 thousand at March 31, 2008. Capital assets, net of related debt totaling \$418.9 thousand compares the original cost, less depreciation of the Township's capital assets to long-term debt, including accrued interest on capital appreciation bonds, used to finance the acquisition of those assets. Restricted net assets are reported separately to show legal constraints from debt covenants and enabling legislation that limit the Township's ability to use those net assets for day-to-day operations. The remaining amount of net assets (\$600.2 thousand) was unrestricted.

The \$600.2 thousand in unrestricted net assets of governmental activities represents the *accumulated* results of all past years' operations. The operating results of the General Fund will have a significant impact on the change in unrestricted net assets from year to year.

The results of this year's operations for the Township as a whole are reported in the statement of activities (see Table 2), which shows the changes in net assets for fiscal year 2008 and 2007.

| TABLE 2 | Governmental Activities | |
|-------------------------|----------------------------|-----------------|
| | (In Thousands) | |
| | 2008 | 2007 |
| REVENUE | | |
| Program Revenue | | |
| Charges for services | \$ 8.4 | \$ 6.8 |
| Grants and categoricals | 0.0 | 0.0 |
| General Revenue | | |
| Property taxes | 177.1 | 169.6 |
| State Shared Revenue | 96.1 | 95.7 |
| Other | 52.7 | 46.6 |
| TOTAL REVENUE | \$ 334.3 | \$ 318.7 |

TOWNSHIP OF ROXAND

Management's Discussion and Analysis

| FUNCTION/PROGRAM EXPENSES | (In Thousands) | |
|--|----------------|----------------|
| | 2008 | 2007 |
| General Government | \$ 114.1 | \$ 86.1 |
| Public Safety | 90.6 | 83.5 |
| Public Works | 53.5 | 75.7 |
| Community Enrichment | 0.0 | 0.0 |
| Depreciation (unallocated) | 36.3 | 33.9 |
| TOTAL FUNCTION/PROGRAM EXPENSES | 294.5 | 279.2 |
| INCREASE IN NET ASSETS | \$ 39.8 | \$ 39.5 |

As reported in the statement of activities, the cost of all of governmental activities this year was \$294.5 thousand. Certain activities were partially funded from those who benefited from the programs (\$8.4 thousand) or by other governments and organizations that subsidized certain programs with grants and categoricals (\$0.0 thousand). The remaining "public benefit" portion of our governmental activities was paid with \$177.1 thousand in taxes, \$96.1 thousand in State Revenue Sharing, and with our other revenues, such as interest and general entitlements.

The Township experienced an increase in net assets of \$39.8 thousand. The key reason for the change in net assets was controlling expenditures. The increase in net assets differs from the change in fund balance and a reconciliation appears on page 13.

As discussed above, the net cost shows the financial burden that was placed on the State and the Township's taxpayers by each of these functions. Since property taxes for operations and State Revenue Sharing constitute the vast majority of the Township's operating revenue sources, the Township Board must annually evaluate the needs of the Township and balance those needs with State-prescribed available unrestricted resources.

The Township's Funds

As we noted earlier, the Township uses funds to help it control and manage money for certain purposes. Looking at funds helps the reader consider whether the Township is being accountable for the resources taxpayers and others provide to it and may provide more insight into the Township's overall financial health.

As the Township completed this year, the governmental funds reported a combined fund balance of \$600.1 thousand, which is a decrease of \$15.3 thousand from last year. The primary reason for the decrease is fire department capital expenditures. The General Fund, the principal operating fund, saw the fund balance decrease \$15,267 to \$599,136, which is greater than the budgeted decrease of \$97,470.

General Fund Budgetary Highlights

Over the course of the year, the Township amends its budget as it attempts to deal with changes in revenues and expenditures. State law requires that the budget be amended to ensure that expenditures do not exceed appropriations. A schedule showing the Township's original and final budget amounts compared with amounts actually paid and received is provided in required supplemental information of these financial statements.

Capital Asset And Debt Administration

Capital Asset

At March 31, 2008, the Township had \$418.9 thousand invested in a broad range of capital assets, including land, buildings, furniture, and equipment. This amount represents a net increase (including additions and disposals) of approximately \$55.0 thousand or 15 percent over last year.

| | <u>2008</u> | <u>2007</u> |
|-------------------------------|-------------------|-------------------|
| Land | \$ 5,000 | \$ 5,000 |
| Buildings | 71,192 | 71,192 |
| Improvements | 17,244 | 17,244 |
| Vehicles | 479,600 | 493,094 |
| Equipment | <u>151,665</u> | <u>133,589</u> |
| Total Capital Assets | <u>724,701</u> | <u>720,119</u> |
| Less Accumulated Depreciation | <u>305,704</u> | <u>356,186</u> |
| Net Capital Assets | <u>\$ 418,997</u> | <u>\$ 363,933</u> |

Economic Factors And Next Year's Budgets And Rates

The elected officials and administration considered many factors when setting the Township's 2008-09 fiscal year budget.

Because the Township's revenue is heavily dependent on State Shared Revenue, the actual revenue received depends on the State's ability to collect revenues to fund its appropriation to Townships. The State periodically holds a revenue consensus conference to estimate revenues. Based on the results of the most recent conference, the State estimates funds are sufficient to fund the appropriation.

The Township's budget is very similar to the prior year. Interest rates on the Township's savings accounts should increase slightly, providing slightly higher interest revenues. The Township's taxable value will be higher, increasing the property tax revenues. Expenditures will be very consistent with last year.

Contacting The Township's Financial Management

This financial report is designed to provide the Township's citizens, taxpayers, customers, investors and creditors of the Township of Roxand with a general overview of the Township's finances and to demonstrate the Township's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Township Clerk, P.O. Box 127, 100 Ionia Street, Mulliken, Michigan 48861.

TOWNSHIP OF ROXAND

Government-Wide Financial Statements

STATEMENT OF NET ASSETS

MARCH 31, 2008

| | Governmental Activities |
|---|----------------------------|
| ASSETS | |
| Current Assets | |
| Cash and Cash Equivalents | \$ 587,198 |
| Accounts Receivable | 12,975 |
| Prepaid Expenditures | --- |
| Total Current Assets | 600,173 |
| Non-current Assets | |
| Capital Assets | 724,701 |
| Less: Accumulated Depreciation | -305,704 |
| Total Non-current Assets | 418,997 |
| TOTAL ASSETS | \$ 1,019,170 |
| LIABILITIES AND NET ASSETS | |
| Current Liabilities | |
| Accounts Payable | \$ 37 |
| Accrued Salaries and Expenses | --- |
| Accrued Interest | --- |
| Deferred Revenue | --- |
| Total Current Liabilities | 37 |
| Non-current Liabilities | |
| Bonds Payable | --- |
| Compensated Absences and Severance Pay | --- |
| Total Non-current Liabilities | --- |
| TOTAL LIABILITIES | 37 |
| NET ASSETS | |
| Invested in Capital Assets, Net of Related Debt | 418,997 |
| Restricted for Debt Service | --- |
| Unrestricted | 600,136 |
| TOTAL NET ASSETS | 1,019,133 |
| TOTAL LIABILITIES AND NET ASSETS | \$ 1,019,170 |

See Accompanying Notes to Financial Statements

Government-Wide Financial Statements**STATEMENT OF ACTIVITIES****YEAR ENDED MARCH 31, 2008**

| | | <u>Program Revenues</u> | | <u>Governmental Activities</u> |
|---|-------------------|-------------------------|---------------|--|
| | | Charges For | Operating | Net (Expense) Revenue and Changes in |
| | <u>Expenses</u> | <u>Services</u> | <u>Grants</u> | <u>Net Assets</u> |
| FUNCTIONS/PROGRAMS | | | | |
| Governmental Activities | | | | |
| General Government | \$ 114,053 | \$ --- | \$ --- | \$ -114,053 |
| Public Safety | 90,639 | --- | --- | -90,639 |
| Public Works | 53,545 | 8,425 | --- | -45,120 |
| Community Enrichment | --- | --- | --- | --- |
| Interest on Long-Term Debt | --- | --- | --- | --- |
| Depreciation (Unallocated) | <u>36,253</u> | <u>---</u> | <u>---</u> | <u>-36,253</u> |
| Total Governmental Activities | <u>\$ 294,490</u> | <u>\$ 8,425</u> | <u>\$ ---</u> | <u>\$ -286,065</u> |
| General Revenue | | | | |
| Taxes | | | | |
| Property Taxes, Levied for General Operations | | | | \$ 177,063 |
| Property Taxes, Levied for Debt Service | | | | --- |
| State of Michigan Aid, Unrestricted | | | | 96,148 |
| Interest Earnings | | | | 14,274 |
| Other | | | | <u>38,377</u> |
| Total General Revenue | | | | <u>325,862</u> |
| CHANGE IN NET ASSETS | | | | 39,797 |
| NET ASSETS - BEGINNING OF YEAR | | | | <u>979,336</u> |
| NET ASSETS - END OF YEAR | | | | <u><u>\$ 1,019,133</u></u> |

See Accompanying Notes to Financial Statements.

TOWNSHIP OF ROXAND

Fund Financial Statements

BALANCE SHEET - GOVERNMENTAL FUNDS

MARCH 31, 2008

| | General | Other Non-major Governmental Funds | Total Governmental Funds |
|--|-------------------|---|--------------------------------|
| ASSETS | | | |
| Cash and Investments | \$ 586,198 | \$ 1,000 | \$ 587,198 |
| Accounts Receivable | 12,975 | --- | 12,975 |
| Due from Other Governmental Units | --- | --- | --- |
| Due from Other Funds | --- | --- | --- |
| Inventories | --- | --- | --- |
| Prepaid Expenditures | --- | --- | --- |
| TOTAL ASSETS | \$ 599,173 | \$ 1,000 | \$ 600,173 |
| LIABILITIES AND FUND BALANCES | | | |
| LIABILITIES | | | |
| Accounts Payable | \$ --- | \$ --- | \$ --- |
| Accrued Salaries and Withholdings | --- | --- | --- |
| Due to Other Funds | 37 | --- | 37 |
| Deferred Revenue | --- | --- | --- |
| TOTAL LIABILITIES | 37 | --- | 37 |
| FUND BALANCES | | | |
| Reserved for Inventories | --- | --- | --- |
| Unreserved, Designated | --- | --- | --- |
| Unreserved and Undesignated | 599,136 | 1,000 | 600,136 |
| TOTAL FUND BALANCES | 599,136 | 1,000 | 600,136 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 599,173 | \$ 1,000 | \$ 600,173 |
| TOTAL GOVERNMENTAL FUND BALANCES | | | \$ 600,136 |
| Amounts reported for governmental activities in the statement of net assets are different because: | | | |
| Capital assets used in governmental activities are not financial resources, and are not reported in the funds: | | | |
| Cost of the Capital Assets is | | | \$ 724,701 |
| Accumulated Depreciation is | | | <u>-305,704</u> |
| | | | 418,997 |
| Long-term Liabilities are not due and payable in the current period and are not reported in the fund | | | |
| Bonds Payable | | | --- |
| Compensated absences | | | --- |
| Accrued interest is not included as a liability in governmental funds | | | |
| | | | <u>---</u> |
| NET ASSETS OF GOVERNMENTAL ACTIVITIES | | | <u>\$ 1,019,133</u> |

See Accompanying Notes to Financial Statements.

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

YEAR ENDED MARCH 31, 2008

| | General | Other Funds | Totals |
|--|-------------------|-----------------|-------------------|
| EVENUE | | | |
| Property Taxes | \$ 177,063 | \$ --- | \$ 177,063 |
| State Grants | 96,148 | --- | 96,148 |
| Charges for Services | 8,425 | --- | 8,425 |
| Interest | 14,234 | 40 | 14,274 |
| Other | 38,377 | --- | 38,377 |
| TOTAL REVENUE | 334,247 | 40 | 334,287 |
| EXPENDITURES | | | |
| General Government | 97,444 | --- | 97,444 |
| Public Safety | 90,639 | --- | 90,639 |
| Public Works | 53,545 | --- | 53,545 |
| Recreational and Cultural | --- | --- | --- |
| Debt Service | --- | --- | --- |
| Capital Outlay | 107,926 | --- | 107,926 |
| TOTAL EXPENDITURES | 349,554 | --- | 349,554 |
| EXCESS OF REVENUE OVER <UNDER> EXPENDITURES | -15,307 | 40 | -15,267 |
| OTHER FINANCING SOURCES <USES> | | | |
| Operating Transfers In | 40 | --- | 40 |
| Operating Transfers Out | --- | -40 | -40 |
| TOTAL OTHER FINANCING SOURCES <USES> | 40 | -40 | --- |
| NET CHANGE IN FUND BALANCES | -15,267 | --- | -15,267 |
| FUND BALANCES - BEGINNING OF YEAR | 614,403 | 1,000 | 615,403 |
| FUND BALANCES - END OF YEAR | \$ 599,136 | \$ 1,000 | \$ 600,136 |

See Accompanying Notes to Financial Statements.

TOWNSHIP OF ROXAND

Fund Financial Statements

RECONCILIATION OF THE STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

YEAR ENDED MARCH 31, 2008

NET CHANGE IN FUND BALANCES - TOTAL GOVERNMENTAL FUNDS \$ -15,267

Amounts reported for governmental activities in the statement of activities are different because:

- Governmental funds report capital outlays as expenditures; in the statement of activities, these costs are allocated over their estimated useful lives as depreciation.

| | | |
|----------------------|---------------|--------|
| Depreciation Expense | -36,253 | |
| Capital Outlay | <u>91,317</u> | 55,064 |

- Accrued interest is recorded in the statement of activities when incurred; it is not reported in governmental funds until paid ---

- Repayment of bond principal is an expenditure in the governmental funds, but not in the statement of activities (where it reduces long-term debt) ---

- Uncollected property tax revenue is deferred in the governmental funds, but not in the statement of activities ---

- Compensated absences are included in expenditures in the statement of activities but not in the governmental funds ---

CHANGE IN NET ASSETS OF GOVERNMENTAL ACTIVITIES \$ 39,797

STATEMENT OF NET ASSETS**MARCH 31, 2008**

| | |
|----------------------------|-----------------------|
| | <u>Tax Collection</u> |
| ASSETS | |
| Cash and Cash Equivalents | \$ -37 |
| Due From Other Governments | --- |
| Due From Other Funds | <u>37</u> |
| TOTAL ASSETS | <u>\$ ---</u> |
| LIABILITIES | |
| Due to Other Funds | \$ --- |
| Due to Other Entities | --- |
| Due to Other Taxing Units | <u>---</u> |
| TOTAL LIABILITIES | <u><u>\$ ---</u></u> |

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township conform to United States generally accepted accounting principles as applicable to governmental units. The following is a summary of the significant accounting policies.

A. REPORTING ENTITY

The Township of Roxand covers an area of approximately 36 square miles located in Eaton County, Michigan. The Township operates under an elected Board of Trustees consisting of five members and provides various services to its residents.

As defined by Governmental Accounting Standards Board (GASB) No. 14, the financial reporting entity consists of (1) the primary government, (2) organizations for which the primary government is financially accountable, and (3) other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. The primary government has financial accountability if it:

1. appoints a voting majority of the organization's board, and has the ability to impose its will on the organization; or
2. there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

Based on the above criteria, no additional organizations or entities are included in these financial statements.

B. BASIS OF PRESENTATION

Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the non-fiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenue includes (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes, intergovernmental payments, and other items not properly included among program revenues are reported instead as general revenue.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Government-Wide Statements - The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenue is recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants, categorical aid and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements.

Fund Based Statements - Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and severance pay, are recorded only when payment is due.

Property taxes, unrestricted state aid, intergovernmental grants and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be available only when cash is received by the government.

GOVERNMENTAL FUNDS

GENERAL FUND - The General Fund is the general operating fund of the Township. It is used to account for all financial resources except those required to be accounted for in another fund.

CEMETERY TRUST FUND - The Cemetery Trust Fund is maintained for perpetual care donations at the Township cemetery. Interest generated from these donations is transferred to the General Fund to offset the cost of perpetual care.

FIDUCIARY FUNDS - These funds, used to account for assets held in trust or as an agent for others, include Current Tax Collection Fund and Agency Fund.

C. BUDGETS AND BUDGETARY ACCOUNTING

The General Fund is under formal budgetary control. Budgets are adopted on the modified accrual basis of accounting. Amendments are by action of the Board.

NOTES TO FINANCIAL STATEMENTS

C. BUDGETS AND BUDGETARY ACCOUNTING (CONTINUED)

P.A. 621 of 1978, Section 18 (1), as amended, provides that a local unit shall not incur expenditures in excess of the amount appropriated.

In the body of the financial statements, the Township's actual expenditures and budgeted expenditures for the budgetary funds have been shown on a functional basis. The approved budgets of the Township for these budgetary funds were adopted at the functional level.

D. PROPERTY TAXES

Real and personal property taxes are assessed as of December 31, and attach as an enforceable lien on property as of December 1 of the subsequent year. Taxes are due and payable as of February 28. The County of Eaton prepares the tax bills for the Township, and the Township collects the taxes prior to return to the County. The property tax revenues in the accompanying financial statements were recognized as those levied during the year.

All unpaid taxes become delinquent after February 28, at which time the uncollected real taxes are returned to Eaton County for collection and to be added to the delinquent tax rolls. The County of Eaton purchases delinquent real property taxes of the Township of Roxand. The County sells tax notes, the proceeds of which are used to pay the Township for the taxes. This is expected to take place in June 2008. These taxes have been recorded as revenue for the current year.

The Township is authorized to assess 1 mill for general operations. Millage rates levied for 2007 were .8574 mills for operations. Total taxable value of real and personal property in the Township was \$52,774,400.

The Township is responsible for the collection of delinquent personal property taxes.

E. CASH EQUIVALENTS

The Township considers all highly liquid investments with maturity of three months or less when purchased to be cash equivalents.

F. FINANCIAL INSTRUMENTS

The Township does not require collateral to support financial instruments subject to credit risk.

G. SHORT-TERM INTERFUND RECEIVABLES AND PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds" on the balance sheet.

H. FUND EQUITY

Reservations of fund balance represent these portions of fund equity not appropriable for expenditure or legally segregated for a specific future use.

I. CAPITAL ASSETS

Capital assets, which include land, buildings, equipment, vehicles, and infrastructure assets (e.g. streets, bridges, drains) are reported in the applicable governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of 1 year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Costs of normal repair and maintenance that do not add to the value materially extended asset life are not capitalized.

Buildings, equipment, and vehicles are depreciated using the straight-line method over the following useful lives:

| | |
|-------------------------|-------------|
| Buildings and additions | 15-50 years |
| Vehicles | 5-20 years |
| Other equipment | 5-20 years |

J. LONG-TERM OBLIGATIONS

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the statement of net assets. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period.

Premiums received on debt issuances are reported as other financing sources while discounts are reported as other financing uses. Issuance costs are reported as debt service expenditures.

K. TOTAL COLUMNS ON COMBINED STATEMENTS

Total columns on the Combined Statements are captioned (Memo Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations in conformity with United States generally accepted accounting principles. Neither is such data comparable to a consolidation. Inter-fund eliminations have not been made in the aggregation of this data.

L. ESTIMATES

The preparation of financial statements in conformity with United States generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

NOTES TO FINANCIAL STATEMENTS

NOTE 2 - DEPOSITS WITH FINANCIAL INSTITUTIONS

A. LEGAL OR CONTRACTUAL PROVISIONS FOR DEPOSITS AND INVESTMENTS:

The Michigan Political Subdivisions Act No. 20, Public Acts of 1943, as amended by Act No. 217, Public Acts of 1982, states the Township, by resolution, may authorize investment of surplus funds as follows:

1. In bonds and other direct obligations of the United States or an agency or instrumentality of the United States.
2. In certificates of deposit, savings accounts, or depository receipts of a bank, which is a member of the Federal Deposit Insurance Corporation; or a savings and loan association, which a member of the Federal Savings and Loan Insurance Corporation; or a credit union, which is insured by the National Credit Union Association; but only if the bank, savings and loan association, or credit union complies with Subsection (2).
3. In commercial paper rated at the time of purchase within the 2 highest classifications established by not less than 2 standard rating services and which matures not more than 270 days after the date of purchase. Not more than 50% of any fund may be invested in commercial paper at any time.
4. In United States government or Federal agency obligation repurchase agreements.
5. In bankers' acceptances of United States banks.
6. In mutual funds composed of investment vehicles that are legal for direct investment by local units of government in Michigan.

The Township is in compliance with State law regarding their cash deposits.

The Township maintains all of its cash deposits at two banks.

The Governmental Accounting Standards Board Statement No. 3 risk disclosures for the Township's cash deposits are as follows:

| <u>Deposits</u> | <u>Book Value</u> | <u>Carrying Amounts</u> |
|------------------------------|-------------------|-----------------------------|
| Insured (FDIC) | \$ 200,000 | \$ 200,000 |
| Uninsured & Uncollateralized | 387,198 | 391,184 |
| Total Deposits | <u>\$ 587,198</u> | <u>\$ 591,184</u> |

The differences between the book value and the bank carrying amounts are caused by deposits in transit and outstanding checks.

NOTE 3 - ACCUMULATED FUND DEFICITS

There were no accumulated fund deficits at March 31, 2008.

NOTE 4 - DUE TO/FROM OTHER FUNDS

The following were due to/due from other funds at March 31, 2008.

| | | |
|----------|---------------------|-------|
| Due from | General Fund | \$ 37 |
| Due to | Tax Collection Fund | \$ 37 |

NOTE 5 - CAPITAL ASSETS

Capital asset activity of the Township's Governmental activities was as follows:

| | Balance April 1, 2007 | Additions | Disposals and Adjustments | Balance March 31, 2008 |
|--------------------------------------|--------------------------|-----------|---------------------------------|---------------------------|
| Assets not being depreciated: | | | | |
| Land | \$ 5,000 | \$ --- | \$ --- | \$ 5,000 |
| Capital assets being depreciated: | | | | |
| Buildings | 71,192 | --- | --- | 71,192 |
| Improvements | 17,244 | --- | --- | 17,244 |
| Vehicles | 493,094 | 73,241 | 86,735 | 479,600 |
| Equipment | 133,589 | 18,076 | --- | 151,665 |
| Subtotal | 715,119 | 91,317 | 86,735 | 719,701 |
| Accumulated depreciation: | | | | |
| Buildings | 40,994 | 2,286 | --- | 43,280 |
| Improvements | 1,927 | 1,373 | --- | 3,300 |
| Vehicles | 242,300 | 21,665 | 86,735 | 177,230 |
| Equipment | 70,965 | 10,929 | --- | 81,894 |
| Subtotal | 356,186 | 36,253 | 86,735 | 305,704 |
| Net capital assets being depreciated | 358,933 | 55,064 | --- | 413,997 |
| Net capital assets | \$ 363,933 | \$ 55,064 | \$ --- | \$ 418,997 |

Depreciation expense was not charged to activities as the Township considers its assets to impact multiple activities and allocation is not practical.

NOTES TO FINANCIAL STATEMENTS

NOTE 6 - EXPENDITURES IN EXCESS OF BUDGET

During the year ended March 31, 2008, the Township incurred expenditures that were in excess of the amounts budgeted as follows:

| | <u>Budget</u> | <u>Actual</u> | <u>Excess</u> |
|----------------|---------------|---------------|---------------|
| Public Safety | \$ 84,187 | \$ 90,639 | \$ 6,452 |
| Capital Outlay | 36,986 | 107,926 | 70,940 |

NOTE 7 - RETIREMENT PLAN

During the year ended March 31, 2008, the Township did not participate in any retirement plan.

NOTE 8 - ACCUMULATED SICK AND VACATION PAY

Amounts accumulated for accrued sick and vacation pay are immaterial and have not been entered in the accounting records.

NOTE 9 - RISK MANAGEMENT AND LITIGATION

The Township is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For the past several years the Township has obtained coverage from commercial insurance companies and has effectively managed risk through various employee education and prevention programs. All risk management activities are accounted for in the General Fund. Expenditures and claims are recognized when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. In determining claims, events that might create claims, but for which none have been reported, are considered. At March 31, 2008, no claims exist, and no provision has been entered into the accounting records.

A former employee has sued the Township for wrongful discharge. The Township's insurance company is administering the lawsuit. Township officials believe there will be no liability to the Township.

REQUIRED SUPPLEMENTAL INFORMATION

TOWNSHIP OF ROXAND

General Fund

BUDGETARY COMPARISON SCHEDULE

YEAR ENDED MARCH 31, 2008

| | Budgeted Amounts | | Actual | Variance |
|---|-------------------|-------------------|-------------------|------------------|
| | Original | Final | (Budgetary Basis) | |
| REVENUE | | | | |
| Property Taxes | \$ 116,500 | \$ 116,500 | \$ 177,063 | \$ 60,563 |
| State Revenue | 93,000 | 93,000 | 96,148 | 3,148 |
| Charges for Services | 7,050 | 7,050 | 8,425 | 1,375 |
| Interest | 7,371 | 7,371 | 14,234 | 6,863 |
| Other | 25,600 | 25,600 | 38,377 | 12,777 |
| Transfers In | --- | --- | 40 | 40 |
| TOTAL REVENUE | 249,521 | 249,521 | 334,287 | 84,766 |
| EXPENDITURES | | | | |
| General Government | 121,659 | 121,659 | 97,444 | 24,215 |
| Public Safety | 84,187 | 84,187 | 90,639 | -6,452 |
| Public Works | 104,159 | 104,159 | 53,545 | 50,614 |
| Recreation and Culture | --- | --- | --- | --- |
| Debt Service | --- | --- | --- | --- |
| Capital Outlay | 36,986 | 36,986 | 107,926 | -70,940 |
| Other Uses - Operating Transfers Out | --- | --- | --- | --- |
| TOTAL EXPENDITURES | 346,991 | 346,991 | 349,554 | -2,563 |
| EXCESS OF REVENUE OVER <UNDER> EXPENDITURES AND OTHER USES | -97,470 | -97,470 | -15,267 | 82,203 |
| BUDGETARY FUND BALANCE - April 1, 2007 | 614,403 | 614,403 | 614,403 | --- |
| BUDGETARY FUND BALANCE - MARCH 31, 2008 | \$ 516,933 | \$ 516,933 | \$ 599,136 | \$ 82,203 |

OTHER SUPPLEMENTAL INFORMATION

TOWNSHIP OF ROXAND

GENERAL FUND

COMPARATIVE BALANCE SHEET

MARCH 31, 2008 AND 2007

| | <u>2008</u> | <u>2007</u> |
|--|--------------------------|--------------------------|
| ASSETS | | |
| Cash | \$ 586,198 | \$ 601,993 |
| Taxes Receivable | 12,975 | 12,400 |
| Due from Other Funds | --- | 10 |
| TOTAL ASSETS | <u>\$ 599,173</u> | <u>\$ 614,403</u> |
| LIABILITIES AND FUND EQUITY | | |
| LIABILITIES | | |
| Due to Other Funds | \$ 37 | \$ --- |
| FUND EQUITY | <u>599,136</u> | <u>614,403</u> |
| TOTAL LIABILITIES AND FUND EQUITY | <u>\$ 599,173</u> | <u>\$ 614,403</u> |

**COMPARATIVE STATEMENT OF REVENUE, EXPENDITURES
AND CHANGES IN FUND BALANCE****YEARS ENDED MARCH 31, 2008 AND 2007**

| | <u>2008</u> | <u>2007</u> |
|---------------------------------|-----------------------|-----------------------|
| REVENUE | | |
| Taxes | \$ 177,063 | \$ 169,575 |
| State Revenue | 96,148 | 95,692 |
| Charges for Services | 8,425 | 6,786 |
| Interest | 14,234 | 13,899 |
| Other | <u>38,377</u> | <u>32,722</u> |
| TOTAL REVENUE | <u>334,247</u> | <u>318,674</u> |
| EXPENDITURES | | |
| GENERAL GOVERNMENT | | |
| Salaries and Wages | 41,893 | 39,107 |
| Payroll Taxes | 3,195 | 2,931 |
| Repairs and Maintenance | 709 | 428 |
| Office Supplies and Expense | 7,689 | 5,995 |
| Elections | 2,145 | 1,281 |
| Legal Fees | 612 | --- |
| Utilities | 3,281 | 3,263 |
| Library | 10,030 | 9,487 |
| Insurance | 9,190 | 8,000 |
| Auditor | 3,600 | 3,750 |
| Assessor | 12,136 | 10,800 |
| Board of Review | 867 | --- |
| Ambulance | --- | --- |
| Telephone | 1,845 | 811 |
| Miscellaneous | <u>252</u> | <u>250</u> |
| TOTAL GENERAL GOVERNMENT | <u>97,444</u> | <u>86,103</u> |
| PUBLIC SAFETY - FIRE | | |
| Salaries and Wages | 19,900 | 23,411 |
| Payroll Taxes | 1,522 | 1,791 |
| Office | 5,828 | 3,359 |
| Telephone | 568 | 443 |
| Utilities | 5,115 | 4,541 |
| Repairs and Maintenance | 32,480 | 15,594 |
| Insurance | 20,831 | 22,538 |
| Gas | 862 | 6,137 |
| Training | 3,380 | 5,362 |
| Miscellaneous | <u>153</u> | <u>304</u> |
| TOTAL PUBLIC SAFETY | <u>90,639</u> | <u>83,480</u> |

| | 2008 | 2007 |
|--|-----------------------|-----------------------|
| PUBLIC WORKS | | |
| Cemetery | | |
| Salaries and Wages | \$ 14,606 | \$ 14,112 |
| Payroll Taxes | 1,117 | 1,080 |
| Office Supplies | 238 | 1,260 |
| Insurance | 723 | 676 |
| Repairs and Maintenance | 5,248 | 4,924 |
| Utilities | 2,086 | 265 |
| Openings | 2,480 | 1,960 |
| Equipment Rental | --- | --- |
| Miscellaneous | 934 | 659 |
| Total Cemetery | 27,432 | 24,936 |
| Roads | 26,113 | 50,742 |
| TOTAL PUBLIC WORKS | 53,545 | 75,678 |
| DEBT SERVICE | --- | --- |
| CAPITAL OUTLAY | 107,926 | 10,500 |
| TOTAL EXPENDITURES | 349,554 | 255,761 |
| EXCESS OF REVENUE OVER <UNDER> EXPENDITURES | -15,307 | 62,913 |
| OTHER FINANCING SOURCES | | |
| Operating Transfer In | 40 | 31 |
| EXCESS OF REVENUE AND OTHER FINANCING SOURCES OVER <UNDER> EXPENDITURES | -15,267 | 62,944 |
| FUND BALANCE - BEGINNING OF YEAR | 614,403 | 551,459 |
| FUND BALANCE - END OF YEAR | \$ 599,136 | \$ 614,403 |

TOWNSHIP OF ROXAND

General Fund

COMBINING BALANCE SHEET

MARCH 31, 2008

| | General | Cemetery | Fire | Roads | Total |
|--|-------------------|-----------------|-------------------|------------------|-------------------|
| ASSETS | | | | | |
| Cash | \$ 233,649 | \$ 8,086 | \$ 251,438 | \$ 93,025 | \$ 586,198 |
| Taxes Receivable | --- | --- | 9,726 | 3,249 | 12,975 |
| Due from Other Funds | --- | --- | --- | --- | --- |
| TOTAL ASSETS | \$ 233,649 | \$ 8,086 | \$ 261,164 | \$ 96,274 | \$ 599,173 |
| LIABILITIES AND FUND EQUITY | | | | | |
| LIABILITIES | | | | | |
| Due to Other Funds | \$ 37 | \$ --- | \$ --- | \$ --- | \$ 37 |
| FUND EQUITY | 233,612 | 8,086 | 261,164 | 96,274 | 599,136 |
| TOTAL LIABILITIES AND FUND EQUITY | \$ 233,649 | \$ 8,086 | \$ 261,164 | \$ 96,274 | \$ 599,173 |

COMBINING STATEMENT OF REVENUE AND TRANSFERS, EXPENDITURES AND CHANGES IN FUND BALANCES

YEAR ENDED MARCH 31, 2008

| | General | Cemetery | Fire | Roads | Total |
|--|-------------------|-----------------|-------------------|------------------|-------------------|
| REVENUE | | | | | |
| Taxes | \$ 3,594 | \$ --- | \$ 128,254 | \$ 45,215 | \$ 177,063 |
| State Revenue | 96,148 | --- | --- | --- | 96,148 |
| Charges for Services | --- | 8,425 | --- | --- | 8,425 |
| Interest | 8,252 | 40 | 4,805 | 1,137 | 14,234 |
| Other | 6,320 | --- | 31,845 | 212 | 38,377 |
| TOTAL REVENUE | 114,314 | 8,465 | 164,904 | 46,564 | 334,247 |
| TRANSFERS IN <OUT> | -22,037 | 19,243 | 3,045 | -211 | 40 |
| TOTAL REVENUE/TRANSFERS | 92,277 | 27,708 | 167,949 | 46,353 | 334,287 |
| EXPENDITURES | | | | | |
| Salaries and Wages | 41,893 | 14,606 | 19,900 | --- | 76,399 |
| Payroll Taxes | 3,195 | 1,117 | 1,522 | --- | 5,834 |
| Office Supplies | 7,689 | 238 | 5,828 | --- | 13,755 |
| Elections | 2,145 | --- | --- | --- | 2,145 |
| Library | 10,030 | --- | --- | --- | 10,030 |
| Legal Fees | 612 | --- | --- | --- | 612 |
| Insurance | 9,190 | 723 | 20,831 | --- | 30,744 |
| Auditor | 3,600 | --- | --- | --- | 3,600 |
| Assessor | 12,136 | --- | --- | --- | 12,136 |
| Repairs and Maintenance | 709 | 5,248 | 32,480 | --- | 38,437 |
| Utilities | 3,281 | 2,086 | 5,115 | --- | 10,482 |
| Board of Review | 867 | --- | --- | --- | 867 |
| Telephone | 1,845 | --- | 568 | 26,113 | 2,413 |
| Openings | --- | 2,480 | --- | --- | 2,480 |
| Road Expenses | --- | --- | --- | --- | 26,113 |
| Training | --- | --- | 3,380 | --- | 3,380 |
| Gas | --- | --- | 862 | --- | 862 |
| Miscellaneous | 252 | 934 | 153 | --- | 1,339 |
| Capital Outlay | --- | --- | 107,926 | --- | 107,926 |
| TOTAL EXPENDITURES | 97,444 | 27,432 | 198,565 | 26,113 | 349,554 |
| EXCESS OF REVENUE AND TRANSFERS OVER <UNDER> EXPENDITURES | -5,167 | 276 | -30,616 | 20,240 | -15,267 |
| FUND BALANCE - BEGINNING OF YEAR | 238,779 | 7,810 | 291,780 | 76,034 | 614,403 |
| FUND BALANCE - END OF YEAR | \$ 233,612 | \$ 8,086 | \$ 261,164 | \$ 96,274 | \$ 599,136 |

TOWNSHIP OF ROXAND

SPECIAL REVENUE FUND

CEMETERY TRUST FUND
COMPARATIVE BALANCE SHEET

MARCH 31, 2008 AND 2007

| | <u>2008</u> | <u>2007</u> |
|--------------------|-----------------|-----------------|
| ASSETS | | |
| Cash | <u>\$ 1,000</u> | <u>\$ 1,000</u> |
| FUND EQUITY | | |
| Fund Balance | <u>\$ 1,000</u> | <u>\$ 1,000</u> |

CEMETERY TRUST FUND
COMPARATIVE STATEMENT OF REVENUE, TRANSFERS
AND CHANGES IN FUND BALANCE

YEAR ENDED MARCH 31, 2008 AND 2007

| | <u>2008</u> | <u>2007</u> |
|--------------------------------------|------------------------|------------------------|
| REVENUE | | |
| Interest | \$ 40 | \$ 31 |
| TRANSFERS OUT | <u>40</u> | <u>31</u> |
| EXCESS OF REVENUE OVER TRANSFERS OUT | --- | --- |
| FUND BALANCE - BEGINNING OF YEAR | <u>1,000</u> | <u>1,000</u> |
| FUND BALANCE - END OF YEAR | <u>\$ 1,000</u> | <u>\$ 1,000</u> |

TOWNSHIP OF ROXAND

AGENCY FUNDS

CURRENT TAX COLLECTION FUND
STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

MARCH 31, 2008

| | 03-31-07 | | | 03-31-08 |
|--------------------------|----------------|---------------------|---------------------|---------------|
| | Balance | Additions | Reductions | Balance |
| ASSETS | | | | |
| Cash | \$ -490 | \$ 1,648,635 | \$ 1,648,182 | \$ -37 |
| LIABILITIES | | | | |
| Due/Library | \$ --- | \$ 41,563 | \$ 41,563 | \$ --- |
| Due/General Fund | 10 | 213,028 | 213,075 | -37 |
| Due/Co. of Eaton | --- | 689,742 | 689,742 | --- |
| Due/Schools | -500 | 700,800 | 700,300 | --- |
| Due/Taxpayers | --- | 3,502 | 3,502 | --- |
| TOTAL LIABILITIES | \$ -490 | \$ 1,648,635 | \$ 1,648,182 | \$ -37 |

CURRENT TAX COLLECTION FUND
STATEMENT OF RECEIPTS AND DISBURSEMENTS

YEAR ENDED MARCH 31, 2008

RECEIPTS \$ 1,648,635

DISBURSEMENTS

| | | |
|-----------------------------------|----------------|----------------------------|
| Grand Ledge Public Schools | \$ 218,094 | |
| Lakewood Public Schools | 126,219 | |
| Charlotte Public Schools | 54,065 | |
| Eaton County Intermediate School | 133,637 | |
| Ionia County Intermediate School | 64,753 | |
| Lansing Community College | <u>103,532</u> | 700,300 |
| Taxpayer Refunds and Bank Charges | | 3,502 |
| County of Eaton | | 689,742 |
| Township of Roxand | | 213,075 |
| Library | | <u>41,563</u> |
| TOTAL DISBURSEMENTS | | <u><u>\$ 1,648,182</u></u> |

3775 Kimmel Road

(517) 937-9333 Phone / 563-2552

Horton, Michigan 49246

Fax

Email:

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Township Board
Township of Roxand

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Township of Roxand, as of and for the year ended March 31, 2008, which collectively comprise the Township of Roxand's basic financial statements and have issued our report thereon dated June 5, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Township of Roxand's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Township of Roxand's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Township of Roxand's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township of Roxand's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the Township of Roxand's financial statements that is more than inconsequential will not be prevented or detected by the Township of Roxand's internal control.

We consider the deficiencies described below to be significant deficiencies in internal control over financial reporting.

Financial Statements Preparation

The Township does not have procedures in place to prepare financial statements in accordance with U.S. generally accepted accounting principles, including procedures to record revenue and expenditure accruals, and changes in capital assets, and to present required financial statement disclosures.

Budgets

As noted in the financial statements, some of the expenditure activities of the Township exceeded the amounts appropriated.

The Michigan Public Act 621 of 1978, as amended, provides that the Township adopt formal budgets for all applicable funds, and shall not incur expenditures in excess of the amounts appropriated. Also, the Public Act requires amendments to be performed prior to incurring additional expenditures.

We recommend the Township monitor expenditures against adopted budgets and make appropriate budget amendments as needed.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Township of Roxand's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe that none of the significant deficiencies described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Township of Roxand's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion.

This report is intended solely for the information and use of management, the Township Board, and the State of Michigan, and is not intended to be and should not be used by anyone other than these specified parties.



Karl L. Drake PC
Certified Public Accountant

June 5, 2008

Karl L. Drake, P.C.
Certified Public Accountant

3775 Kimmel Road

Horton, Michigan 48846

Fax

(517) 937-9333 Phone / 563-2552

Email:

June 5, 2008

Township Board
Township of Roxand
100 Ionia Street, P.O. Box 127
Mulliken, Michigan 48861

I have recently completed the audit of the Township of Roxand for the year ended March 31, 2008, and would like to take this opportunity to make the following comments and recommendations.

Financial Summary

The General Fund completed the year with a fund balance of \$599,136. This is a decrease of \$15,267 over the prior year level. Revenue increased over prior year levels. Property tax, state and interest revenue all increased slightly. Expenditures increased this year, largely because of the fire department vehicle and equipment purchases.

The government-wide financial statements, which include fixed assets, depreciation and long-term debt demonstrate the Township remains in stable financial position. The net assets at the end of the fiscal year were \$1,019,133, which is an increase of \$39,797 over the prior year.

Thank you for the opportunity to work with the Township.

Sincerely,



Karl L. Drake, CPA